



Kinder Morgan Statement on Northeast Direct Energy project

As a result of inadequate capacity commitments from prospective customers, Kinder Morgan, Inc., (NYSE: KMI) and its subsidiary, Tennessee Gas Pipeline Company (TGP), have suspended further work and expenditures on the Northeast Energy Direct (NED) project.

In July 2015, KMI's board announced that it had authorized TGP to proceed with the project's "market path" segment from Wright, New York, to Dracut, Massachusetts, a \$3.3 billion investment designed to help alleviate New England's uniquely high natural gas and electricity costs caused by severely limited natural gas transportation capacity currently serving the region.

The board's initial approval was based on existing contractual commitments at the time by local gas distribution companies (LDCs) to purchase natural gas from the project, as well as expected commitments from additional LDCs, electric distribution companies (EDCs), and other market participants in New England. Unfortunately, despite working for more than two years and expending substantial shareholder resources, TGP did not receive the additional commitments it expected. As a result, there are currently neither sufficient volumes, nor a reasonable expectation of securing them, to proceed with the project as it is currently configured.

The insufficient contracted capacity is due to several factors. They include the fact that the New England states have not yet established regulatory procedures to facilitate binding EDC commitments, that the process in each state for establishing such procedures is open-ended, and that the ultimate success of those processes is not assured.

In addition, innovations in production have resulted in a low-price environment that, while good for consumers, has made it difficult for producers to make new long term commitments. Further, current market conditions and counter-party financial instability have called into question TGP's ability to secure incremental supply for the project. Given these market conditions, continuing to develop the project is not an acceptable use of shareholder funds.

TGP has operated in New England for more than 60 years and remains committed to meeting the critical need for constructing additional natural gas infrastructure in the region. Although we have suspended work and further expenditures on the NED project, TGP will continue to work with customers to explore alternative solutions to address their needs, particularly local distribution companies that are unable to fully serve consumers and businesses in their areas because of the lack of access to abundant, low-cost domestic natural gas.

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